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U.S. - GRAIN FUTURES COMMISSION.

Trading in grain futures. 1924.

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TRADING IN GRAIN FUTURES

COMMUNICATION

FROM

THE SECRETARY OF AGRICULTURE

TRANSMITTING

IN RESPONSE TO SENATE RESOLUTION NO. 9,
AGREED TO JANUARY 8, 1924, THE REPORT OF
THE GRAIN FUTURES COMMISSION UNDER THE
GRAIN FUTURES ACT, SEPTEMBER 21, 1922, IN
RESPECT TO TRADING IN GRAIN FUTURES ON
THE CHICAGO BOARD OF TRADE



APRIL 24 (calendar day, MAY 3), 1924.—Referred to the
Committee on Agriculture and Forestry

WASHINGTON
GOVERNMENT PRINTING OFFICE

1924

TRADING IN GRAIN
FUTURES
COMMUNICATION
THE SECRETARY OF AGRICULTURE

SUBMITTED BY MR. LADD

IN THE SENATE OF THE UNITED STATES,
May 14 (calendar day, May 16), 1924.

Ordered, That the communication of the Secretary of Agriculture, with the accompanying report of the Grain Futures Administration under the grain futures act of September 21, 1922, with respect to trading in grain futures on the Chicago Board of Trade, transmitted to the Senate of May 3, 1924, in response to Senate Resolution 9, agreed to January 8, 1924, be printed as a Senate document.

Attest:

GEORGE A. SANDERSON,
Secretary.

LETTER OF TRANSMITTAL

DEPARTMENT OF AGRICULTURE,
Washington, May 2, 1924.

Hon. ALBERT B. CUMMINS,
President pro tempore United States Senate.

DEAR SENATOR CUMMINS: In response to Senate Resolution No. 9, adopted by the Senate on January 8, 1924, I have the honor to transmit herewith the report of the Grain Futures Administration under the grain futures act of September 21, 1922, with respect to trading in grain futures on the Chicago Board of Trade.

Sincerely yours,

HENRY C. WALLACE,
Secretary.

TRADING IN GRAIN FUTURES.

UNITED STATES DEPARTMENT OF AGRICULTURE,
GRAIN FUTURES ADMINISTRATION,
Washington, D. C.

This is a report by the Grain Futures Administration regarding certain phases of trading in grain futures during the calendar year 1923. It is in response to Senate Resolution 9, introduced by Senator Ladd, which was adopted by the Senate on January 8, 1924. This resolution is copied in Appendix I of this report.

Inasmuch as the resolution refers to the movements of prices for wheat futures during the last three quarters of the year 1923, on the Chicago Board of Trade, a brief résumé of such movements for the whole year will help to afford a background for the information contained in this report.

During the last three months of 1922 the wheat futures market witnessed an irregular advance from about \$1.05 to about \$1.25. This was followed by a decline to about \$1.15 (May future) on January 23, 1923. Thereafter an irregular advance took place which culminated on April 26 when the May future reached \$1.27 $\frac{1}{4}$ and the July future reached \$1.25 $\frac{7}{8}$. This was followed in the next two months by a downward movement culminating on July 17, when the July future touched 96 $\frac{3}{4}$ cents and the September future 95 $\frac{3}{4}$ cents. Quotations for wheat futures in the month of July were proven later to have reached the bottom for the year. The highest quotations thereafter recorded were \$1.10 $\frac{3}{4}$ for the December future (\$1.14 $\frac{5}{8}$ for the May, 1924, future) on October 8, 1923, and \$1.11 $\frac{1}{4}$ for the May, 1924, future on December 4-6, 1923. At the end of the year May wheat was selling at Chicago around \$1.07, in the course of an upward movement which was destined not to culminate until some time in February, 1924.

By reason of the conditions which led to the passage of the future trading act and the grain futures act, it became necessary for the Grain Futures Administration when first set up to proceed to assemble, compile, and interpret as much precise information as could be obtained regarding future trading in grain, its economic functions, and the manner in which these functions are performed. (For relevant sections of the grain futures act see Appendix II.) The work so undertaken is still under way and will be continued, but some of the facts already ascertained are of considerable significance with reference to the principal question raised by Senate Resolution 9, and are at the same time of such character as to permit of publication in this report.

The original basis of this report consists of some of the information assembled by the Grain Futures Administration from the time when it began to function, a little over two years ago. A part of this

information which relates to the trading of individuals came in the first instance from the daily reports made to the Grain Futures Administration ever since July 9, 1923, by all members of the clearing house of the Chicago Board of Trade, under general rules and regulations (see Appendix III) made and prescribed by the Secretary of Agriculture under the grain futures act. Such information has been supplemented by a special investigation which covered the whole year including that part of the year during which such daily reports were not being required or furnished, by reason of a restraining order issued by the courts effective until the constitutionality of the grain futures act was affirmed.

These "clearing members" of the board, herein referred to as firms, include those individuals, partnerships, and corporations through which are handled all the transactions in grain futures on the Chicago Board of Trade and which are contractually responsible to one another for all the trades executed in the "pit" until these trades are closed out. This means that they represent either directly or indirectly all the traders in grain futures who do any trading through the Chicago Board of Trade.

The daily reports which are required of these "clearing members" under the general rules and regulations above mentioned include, among other items, "the net position at the end of the period covered by the report of each separate account carried by such clearing member when such net position equals or exceeds such amount as shall be specified in a written notice from time to time by the Grain Futures Administration," which amount has been fixed, so far as wheat futures in the Chicago market are concerned, at 500,000 bushels.

The investigation carried on for the purpose of laying a fuller basis for this particular report has followed the line thus indicated by this regulation. This procedure has considerably shortened the amount of time and lessened the labor that otherwise would have been required. The information obtained under the regulation was all useful for the purpose of this report and was of such a character as to fit in with and afford a check upon the other information gained through the special investigation.

The special investigation therefore has related to accounts in wheat futures as kept upon the books of the "clearing members" of the Chicago Board of Trade, of whatever nature any such account might be, provided only that it was at some time during the calendar year 1923 net "long" or net "short" in the Chicago market as much as 500,000 bushels. For this purpose the net position of each account is the difference between the total "bought" and total "sold" in all wheat futures combined.

At the end of the year 1923 there were in business 132 "clearing members" of the Chicago Board of Trade, as already defined, through whom had been handled all the transactions in wheat futures in that market, except a trifling fraction handled by firms which went out of business at some time during the year.

The total of all transactions in wheat futures during the calendar year 1923 on the Chicago Board of Trade amounted to 8,572,111,000 bushels, counting one side of each transaction, or a daily average of about 28,500,000 bushels. For 1922 the corresponding figures were 11,072,934,000 bushels and 36,900,000 bushels. For 1921 they were

12,279,477,000 bushels and 40,800,000 bushels. In 1923 the Chicago Board of Trade handled 85 per cent of all the trading in wheat futures in the seven principal grain-futures markets of the United States, as against 87.2 per cent in 1922 and 86.8 per cent in 1921.

The average size of the "customers' open interest" represented by these "clearing members" taken together (see Appendix III, sec. 2e), as estimated for the year upon the basis of the daily reports rendered during the last half of the year 1923, as hereinbefore explained, amounted to somewhat more than 90,000,000 bushels, counting but one side of each transaction. This figure may be taken to represent either the aggregate of all customers' accounts which were "long" or the aggregate of all customers' accounts which were "short," items which must necessarily be equal, and which include, of course, accounts of every character, including accounts for persons engaged in the cash grain business and making use of the futures market for "hedging" purposes, as well as accounts for speculators.

Of the average daily transactions for 1923, amounting as already stated to about 28,500,000 bushels, fully 14,000,000 bushels, on the average, or not less than 50 per cent, it is fairly estimated, represented the operations of "pit traders" or "scalpers." These traders vary in number for wheat futures from 25 to 100 or more, they execute their own trades in the wheat pit, and they are continually engaged in buying and selling at current quotations in competition with one another for small gains such as one-eighth or one-quarter of a cent per bushel. Their "position on the market" normally varies as between the "long" position and the "short" position not only from day to day but also from hour to hour and even from minute to minute during the day. Most of them usually go home every night in a position that is "even," or almost "even"; that is, neither "long" nor "short."

A substantial percentage of the transactions of these "pit traders" result in neither profit nor loss. Information in the possession of the Grain Futures Administration shows that on the average about 30 per cent of all transactions in wheat futures on the Chicago Board of Trade during 1923 were "scratch trades"—or approximately 8,500,000 bushels per day. "Scratch trades," or "scratch sales," as defined by the regulations of the Treasury Department under the revenue act of 1921, are those in which "the purchase and sale are made at the same exchange, on the same day, at the same price, and for the account of the same person." Almost all such trades, as a matter of fact, are for the account of "pit traders" or "scalpers." Such trades are free from the sales tax of 2 cents per hundred dollars of value which is payable on all other trades.

Thirty of the "clearing members" of the Chicago Board of Trade, representing 23 per cent of the "clearing members" in business at the end of the year, handled during 1923 over 60 per cent of all the transactions in wheat futures and represented on the average over 75 per cent of the open interests. These 30 "clearing members" include all the large grain futures commission houses.

The "net position" of these firms in relation to one another and to other members of the clearing house—that is, their "street" position—has been ascertained for the beginning of each month of the year. The number of these firms whose net position was "long" and the number whose net position was "short" in wheat futures at

the beginning of each month of the year 1923 are exhibited in the following table:

Month	Number "long"	Number "short"	Month	Number "long"	Number "short"
January.....	16	12	July.....	16	13
February.....	14	14	August.....	15	14
March.....	14	14	September.....	18	11
April.....	13	16	October.....	18	12
May.....	16	13	November.....	16	14
June.....	17	12	December.....	14	16

The foregoing table indicates that the number of firms "long" and the number "short" were as a rule nearly equal, but that there were usually a few more of these firms in the "long" position than in the "short" position.

A canvass of all the "clearing members" of the Chicago Board of Trade disclosed the fact that in these 30 houses were to be found all the accounts in wheat futures belonging to the half-million class, as defined earlier in this report, and that there were 150 such accounts. In other words, these 30 firms were the only ones belonging to the clearing house which had one or more accounts in wheat futures of any character whatsoever which at any time during the year 1923 had been net "long" or net "short" in the Chicago market as much as 500,000 bushels of wheat. These 150 accounts include all the accounts of this size upon the books of the "clearing members" of the Chicago Board of Trade during the year 1923—as nearly as the number can be ascertained without a lengthy and detailed audit of all the records involved. This information is based upon reports made, subject to penalty for false statements, by firms which have for over six months been making daily reports to the Grain Futures Administration, during which time the accuracy and credibility of different firms have been tested. These reports have been checked against information in the possession of the Grain Futures Administration regarding these same firms and the majority of these same accounts and verified in doubtful cases by special inquiry and investigation.

These 150 accounts, then, are those herein designated as belonging to the half-million class. Only part of them, of course, are "speculative" accounts.

An attempt has been made to classify these 150 accounts in the half-million class, with the result that 32 of them have been found to fall in a single group, herein referred to as the speculative group. This group of accounts is subjected to detailed analysis in this report, upon the basis of information which includes for each of these accounts its net position in wheat futures at the beginning of the year 1923, the dates on which either purchases or sales, or both, were made during the year, the number of bushels bought or sold, or both, on each of those dates, and the net position of the account at the end of the year. In order to avoid misunderstanding, a more precise description of this group of speculative accounts is given later in this report.

Another group, consisting of 45 of the accounts in wheat futures in the half-million class, is herein referred to as the "hedging" group. It represents persons engaged in the cash grain business. Many of

these are known to have confined their operations in wheat futures to the buying and selling of contracts for "hedging" purposes, but with respect to a few of them some speculative operations are known to have been included in the account.

The other 73 accounts comprised in the 150 accounts in the half-million class were not found to be capable of inclusion either in the speculative group or in the "hedging" group, as these groups have been defined for the purpose of this investigation. Fifty-five of these 73 accounts, for instance, did not represent individual traders, like the accounts in the two groups already mentioned, but did represent "customers" who are "commission houses," most of them not located in Chicago, and consequently not members of the clearing house of the Chicago Board of Trade. Such concerns, though counted as "customers" by "clearing members" of the board, have customers of their own, whose identity is seldom known to the "clearing members" and whose accounts are not kept by the latter. Accordingly these 55 accounts have not been capable of definite allocation either to the speculative group or to the "hedging" group. Their combined net position, however, in wheat futures at quarterly intervals was always "long," as indicated by the table in Appendix IV of this report.

Five of these 73 accounts were not capable of classification for the reason that they were of mixed character. Thirteen others, however, represented "spreads between markets." Some of these were accounts representing persons engaged in the cash grain business and others were accounts representing persons who would ordinarily be classed as speculators. These "spreading" accounts are not included in either of the two groups specially analyzed in this report but are being included in a general study of "spreading," upon which the Grain Futures Administration is engaged and of which the results will be published later.

Turning now to the group of 32 "speculative" accounts carried by "clearing members" of the Chicago Board of Trade and comprised in the half-million class, these accounts represent principally "professional traders or speculators," but include also a few "members of large futures commission houses," as specified by Senate Resolution 9. Some of these parties were members of the Chicago Board of Trade and some of them were not members. Some of them are "well known," and of the speculators considered by the Grain Futures Administration to be "well known" these accounts represent all but two or three. The group also includes a few parties who are not "well known." The facts disclosed by an analysis of this group of 32 accounts, as previously defined and described, are presented below.

The number of these accounts belonging to any one operator was almost always one, but in a few cases two or even three of these accounts represented the same party. In order to exhibit the general nature of speculative operations by individual traders, three statements are herewith presented regarding 13 of these 32 accounts, including every such account as was ever at any time during the year net "long" or net "short" as much as 1,000,000 bushels. These 13 accounts are here designated as belonging to the million class.

First. No one of these 13 accounts was ever net "long" or net "short" as much as 3,150,000 bushels; no two of them combined were ever net "long" or net "short" as much as 5,025,000 bushels, and no three of them combined were ever net "long" or net "short" as much as 6,125,000. The largest combined net position for any group of three of these accounts for any time during the year was 6,115,000 "short" on March 15, 1923.

Second. Three of these 13 accounts reached their maximum on the "long" side and 10 on the "short" side. Of the three which reached their maximum on the "long" side, one did so in February, one in April, and one in November. Of the 10 which reached their maximum on the "short" side, two did so in January, two in March, two in May, one in June, one in July, one in August, and one in December.

Third. The combined net position of these 13 accounts in the million class was always "short" except on April 10, October 6-8, and for about two weeks around the 1st of December. On April 10 it was 105,000 bushels "long," in October it was for one day 500,000 bushels "long," and in early December it was for three days about 900,000 bushels "long." Their combined net positions when the on "short" side reached its maximum on May 29, when it was 8,175,000 bushels "short." It exceeded 8,000,000 bushels only on one other date, January 30, when it was 8,010,000 "short." On both of these dates the aggregate of all accounts, both large and small, on the books of all "clearing members" of the Chicago Board of Trade, as hereinbefore explained, and counting either the aggregate of all "long" or the aggregate of all "short" accounts, amounted to not less than 90,000,000 bushels.

Turning now to the whole group of 32 speculative accounts, comprised in the half-million class and including the 13 accounts already mentioned, four general statements may be made as follows:

First. Only two of these 32 accounts were in the market continuously throughout the year, while the remaining 30 were in the market for periods varying from about 2 weeks to about 11 months. Four of these 32 accounts were never in the market on the "short" side at any time during the year, 10 of them were never on the "long" side, and the remaining 18 were now on the one side and now on the other. Taking the year by quarters, the showing was as follows:

Quarter	Total number	Number out	Number in	Number never long	Number never short	Number on both sides
First.....	32	7	25	10	7	8
Second.....	32	9	23	7	3	13
Third.....	32	6	26	15	4	7
Fourth.....	32	9	23	11	6	6

This table shows that at some time during every quarter there were at least 23 speculative accounts in the half-million class which held some position in the market and that during every quarter of the year there were more of these accounts on the "short" side than on the "long" side. Some of these accounts were active only in the first half of the year and some only in the last half, but 23 of them were active in both halves of the year. Each of these 23 was also on the books of the same firm in both halves of the year.

Second. The total trading in wheat futures for these 32 speculative accounts amounted during the year 1923 to 231,588,000 bushels bought and 228,733,000 bushels sold. Their combined position was sometimes "long" and sometimes "short," but for almost all of the year was "short." This position reached its maximum on the "short" side late in July, when it amounted for one day to 8,060,000 bushels and for one other day to above 7,000,000. The combined net position of this group at the beginning of the year was 4,980,000 bushels "short" and at the end of the year 2,225,000 bushels "short." The average daily combined net position of the group by quarters was as follows: First quarter, 3,650,000 bushels "short"; second quarter, 3,760,000 bushels "short"; third quarter, 4,862,000 bushels "short"; fourth quarter, 1,241,000 bushels "short."

Third. The only times when the combined position of this group was on the "long" side were early in April, early in October, and early in December. During the first of these periods their combined net position reached its maximum at 1,805,000 bushels "long," during the second at 1,655,000 bushels "long," and during the third at 1,690,000 bushels "long."

Fourth. Throughout the year there were some of these 32 speculative accounts net "long" and others net "short," as indicated by the following table, which gives the information by months:

Date	Number accounts net long	Aggregate of net long interests	Number accounts net short	Aggregate of net short interests	Total number accounts net long and net short	Combined aggregate net position (short)
1922		<i>Bushels</i>		<i>Bushels</i>		<i>Bushels</i>
Dec. 31.....	7	2,035,000	13	7,015,000	20	4,980,000
1923						
Jan. 31.....	11	2,960,000	9	7,680,000	20	4,720,000
Feb. 28.....	10	5,200,000	10	8,910,000	20	3,710,000
Mar. 31.....	11	4,850,000	10	6,950,000	21	2,100,000
April 30.....	9	3,330,000	10	6,935,000	19	3,605,000
May 31.....	11	3,025,000	9	9,390,000	20	6,365,000
June 30.....	7	1,155,000	10	6,135,000	17	4,980,000
July 31.....	4	2,160,000	12	6,730,000	16	4,570,000
Aug. 31.....	4	1,635,000	11	6,820,000	15	5,185,000
Sept. 30.....	7	1,480,000	7	5,650,000	14	4,170,000
Oct. 31.....	8	2,610,000	5	3,300,000	13	690,000
Nov. 30.....	4	2,075,000	8	2,180,000	12	105,000
Dec. 31.....	3	1,460,000	7	3,685,000	10	2,225,000

For purpose of comparison a few facts regarding the group of 45 "hedging" accounts in the half-million class may not be presented. There were always some "long" accounts in this group, but the combined net position of these 45 accounts was always "short," seldom to the extent of less than 3,000,000 bushels and usually to the extent of more than 10,000,000 bushels.

The volume of "hedges" carried for this group of 45 "hedging" accounts in the half-million class during the last half of the year exceeded considerably the volume so carried during the first half of the year.

The number of these 45 "hedging" accounts which were net "long," and the number which were net "short," at the end of the year 1922 and at the end of each month of 1923, together with

aggregate and combined net positions, are given in the accompanying table.

Date	Number accounts net long	Aggregate of net long interests	Number accounts net short	Aggregate of net short interests	Total number accounts net long and net short	Combined aggregate net position (short)
Dec. 31. 1922	6	Bushels 8,919,000	21	Bushels 14,887,000	27	Bushels 5,968,000
Jan. 31. 1923	5	2,829,000	24	18,382,000	29	15,553,000
Feb. 28	4	695,000	24	18,156,000	28	17,461,000
Mar. 31	4	750,000	25	17,881,000	29	17,131,000
Apr. 30	7	965,000	25	13,354,000	32	12,389,000
May 31	7	895,000	22	11,126,000	29	10,231,000
June 30	14	5,055,000	16	6,659,000	30	1,604,000
July 31	18	8,295,000	18	20,528,000	36	12,233,000
Aug. 31	12	8,138,000	24	27,063,000	36	18,925,000
Sept. 30	13	4,970,000	21	24,675,000	34	19,705,000
Oct. 31	11	5,480,000	24	25,124,000	35	19,644,000
Nov. 30	9	2,800,000	26	26,017,000	35	23,217,000
Dec. 31.	4	820,000	29	29,054,000	33	28,234,000

Trading by weeks during the year both for the group of 32 speculative accounts and for the group of 45 "hedging" accounts is presented in the accompanying table. Average daily closing prices are also given for each week for certain selected futures. This item is given for each of the active futures from the time when the volume of trading in that future came to exceed the volume of trading in any other future until the end of the delivery month in each case. The total volume of sales (or purchases) for each week for the market as a whole is also given.

Table showing by weeks for the calendar year 1923 total sales in wheat futures and also for two groups of accounts in wheat futures total bought during the week, total sold during the week, net bought or net sold during the week, and net position at end of week, Chicago Board of Trade, with average daily closing prices for the week

[In thousands of bushels]

Week ending—		Total sales entire market	45 hedging accounts					32 speculative accounts					Net position at en of week		Average daily closing price for week
			Total bought	Total sold	Net bought	Net sold	Net position at end of week (short)	Total bought	Total sold	Net bought	Net sold				
												Long	Short		
Jan.	6	222,988	9,565	12,565	-----	3,000	8,968	5,978	4,080	4,550	-----	470	-----	5,450	May
	13	179,480	6,755	11,155	-----	4,400	13,368	5,475	4,905	-----	470	-----	4,980	1.191	
	20	162,797	2,895	4,755	-----	1,860	15,228	5,775	4,395	1,380	-----	-----	3,600	1.193	
	27	184,703	3,485	2,605	880	-----	14,348	3,900	4,995	-----	1,095	-----	4,695	1.167	
Feb.	3	130,614	1,010	1,900	-----	890	15,238	3,440	4,120	-----	680	-----	5,375	1.174	
	10	192,788	2,147	5,010	-----	2,863	18,101	7,615	4,840	2,775	-----	-----	2,600	1.206	
	17	228,808	2,950	1,785	1,165	-----	16,936	5,523	7,368	-----	1,845	-----	4,445	1.214	
	24	149,617	2,420	2,280	140	-----	16,796	3,805	3,540	265	-----	-----	4,180	1.192	
Mar.	3	156,083	3,695	2,485	1,210	-----	15,586	6,020	6,410	-----	390	-----	4,570	1.181	
	10	140,605	2,420	2,530	-----	110	15,696	6,165	4,185	1,980	-----	-----	2,590	1.189	
	17	136,787	3,610	3,920	-----	310	16,006	7,325	5,505	1,820	-----	-----	770	1.201	
	24	162,131	3,571	5,351	-----	1,780	17,786	5,420	4,855	565	-----	-----	205	1.212	
	31	119,966	3,455	2,800	655	-----	17,131	4,900	6,795	-----	1,895	-----	2,100	1.193	

Table showing by weeks for the calendar year 1923 total sales in wheat futures and also for two groups of accounts in wheat futures total bought during the week, total sold during the week, net bought or net sold during the week, and net position at end of week, Chicago Board of Trade, with average daily closing prices for the week—Continued

Week ending—	Total sales entire market	45 hedging accounts					32 speculative accounts					Net position at end of week		Average daily closing price for week	
		Total bought	Total sold	Net bought	Net sold	Net position at end of week (short)	Total bought	Total sold	Net bought	Net sold	Long	Short			
Apr. 7	171,822	7,880	2,704	5,176	11,955	9,605	6,495	3,110		1,010			May		
14	325,591	7,062	5,669	1,393	10,562	7,905	8,210		305	705			July		
21	264,989	3,676	4,235		559	11,121	3,650	7,255		3,605		2,900	\$1.244	\$1.220	
28	216,749	4,154	4,557		403	11,524	7,090	8,195		1,105		4,005	1.250	1.229	
May 5	286,848	7,176	7,453		277	11,801	7,015	6,500	515			3,490	1.252	1.234	
12	204,594	3,125	2,355	770	11,031	3,520	4,475		955			3,490	1.199	1.195	
19	200,403	3,385	3,655		270	11,301	4,105	4,415	105			4,445	1.172	1.165	
26	169,300	2,565	2,405	160	11,141	4,910	4,805		310			4,755	1.187	1.162	
June 2	216,966	3,207	2,657	550	9,130	6,420	5,610	810				4,650	1.171	1.162	
9	189,584	3,945	3,162	783	8,347	3,110	4,400		1,290			3,940	1.183	1.168	
16	173,204	2,647	2,456	191	8,156	13,765	12,435	1,330				3,940	1.136	1.123	
23	250,780	8,902	4,564	4,338	3,818	2,725	5,425		2,700			5,230	1.000	1.100	
30	190,141	12,391	10,177	2,214	1,604	2,675	1,055	1,620				3,900	1.029	1.055	
July 7	89,529	6,256	6,300		44	1,648	1,405	1,830		425		6,600	1.031	1.034	
14	154,907	8,100	8,150		50	1,698	2,760	3,940		1,180		4,980	1.000	1.000	
21	193,973	7,913	12,252		4,339	6,037	3,530	3,485	45			5,405	.982	.993	
28	189,159	9,945	13,384		3,439	9,476	5,785	6,300		515		6,540	.975	.976	
Aug. 4	130,529	8,852	12,514		3,662	14,108	5,690	2,055	3,635			3,420	.972	.970	
11	96,002	5,375	8,665		3,290	17,398	3,900	2,500	1,400			2,020	.982		
18	164,905	7,153	9,239		2,086	19,484	3,630	5,395		1,765		3,785	1.003	Dec.	
25	147,930	9,676	9,931		255	19,739	2,355	1,830	525			3,260	1.011	1.054	
Sept. 1	195,971	16,207	17,304		1,097	20,836	2,285	4,100		1,815		5,075	1.012	1.056	
8	120,708	6,091	6,396		305	21,141	2,060	1,020	1,040			4,035	1.020	1.061	
15	154,760	4,094	5,772		1,678	22,819	1,400	2,600		1,200		5,235	1.010	1.039	
22	118,470	5,104	6,135		1,031	23,850	1,215	1,035	180			5,055	1.001	1.027	
29	134,490	8,241	6,559	1,682	19,705	1,680	795	885				4,170	1.035	1.052	
Oct. 6	188,877	6,337	7,192		855	20,560	7,785	2,275	5,510		1,340		1.080		
13	142,912	4,209	3,938	271	20,289	2,235	3,265			1,030	310		1.090		
20	149,926	5,967	5,976		9	20,298	1,635	2,640		1,605		1,295	1.065		
27	121,967	3,213	2,650	563	19,735	3,620	3,350	270				1,025	1.063		
Nov. 3	100,888	2,275	2,118	157	19,578	2,925	2,415	510				515	1.068		
10	140,469	6,322	6,654		332	19,910	4,175	7,575		3,400		3,915	1.053		
17	152,311	4,718	6,252		1,534	21,444	5,980	6,005		25		3,940	1.026		
24	129,452	5,056	4,835	221	21,223	5,195	3,760	1,435				2,505	May	1.028	
Dec. 1	109,067	4,407	6,887		2,480	23,703	5,575	2,885	2,690		185		1.086	1.027	
8	139,822	2,008	5,878		3,870	27,573	2,680	2,770		90	95		1.105	1.046	
15	79,740	2,465	3,170		705	28,278	2,210	1,965	245		340		1.088	1.038	
22	95,460	2,401	2,524		123	28,401	1,740	3,005		1,265		925	1.080	1.031	
29	82,399	2,901	2,908		7	28,408	2,245	3,770		1,525		2,450	1.069	1.014	
31	19,160	1,196	1,637		441	28,234	655	430	225			2,225	1.079	1.041	
Year--	8,572,111	274,575	300,410		25,835		231,588	228,733	2,855						

In calculating the "net positions" which appear in the foregoing table, allowance has been made, where necessary, for deliveries of cash wheat on contract. This has been possible only on a monthly basis, and for this and other reasons "net-position" figures and some other figures are subject to some slight readjustment as between weeks. The delivery items allowed for are as follows: Speculative group, 100,000 bushels taken in on contract during May; "hedging" group, during May, net deliveries, 1,461,000 bushels; during July, taken in on deliveries, 970,000 bushels; during September, net deliveries 2,463,000 bushels; during December, net deliveries 615,000 bushels; during the year; net deliveries 3,569,000 bushels.

A general inspection of the foregoing table indicates in a broad way that the "hedgers" represented by the 45 "hedging" accounts did their heaviest net buying in June and their heaviest net selling in July and August. During the first part of the period from late April to the end of July these hedgers were usually buying more than they sold while during the latter part of this period they were usually selling more than they bought. The speculators represented by the 32 speculative accounts did their heaviest net buying around the middle of March, the 1st of August, the 1st of October, and the early part of December; and they did their heaviest selling around the middle of April, the end of June, and the middle of November. During the period from late April to the end of July these speculators were usually selling more than they bought.

No summary of the foregoing report as a whole is here presented because each of its parts is already in summary form. Attention is called, however, to the fact that none of these parts stands alone, and all of them should be considered together. Attention is also called to the fact that much information regarding the wheat situation in 1923, though not coming within the scope of this report, has a very direct bearing upon the significance of the report.

APPENDIX I

SENATE RESOLUTION 9, SIXTY-EIGHTH CONGRESS, FIRST SESSION

Senate Resolution 9, introduced by Senator Ladd, which was adopted by the Senate January 8, 1924, reads as follows:

"Whereas, since the grain futures act was declared constitutional by the United States Supreme Court, on April 16, 1923, members of the Chicago Board of Trade and other grain exchanges, with few exceptions, by means of their daily market reports and published opinions in the daily papers, and also market press reports written in Chicago and given wide publicity, together with syndicated articles which there is reason to believe had their inspiration in the board of trade, have systematically opposed the price of wheat, or, in trade terms, tried to "bear the market"; and because of this condition, there is reason to believe that the market was, except during brief intervals depressed by short selling by professional traders or speculators, and that the price has been depressed and held materially below a level warranted by legitimate supply and demand conditions; and, furthermore, because no information has been published by the Department of Agriculture regarding the activities of such speculators: Therefore, be it

"Resolved, That the Secretary of Agriculture be directed to take steps at once to determine, through the Grain Futures Administration, the position on the market taken by the well-known professional speculators and the members of the large "futures" commission houses of the board of trade, and promptly publish the findings, without opinions by the investigators as to the effect which the trading by said professional may have had."

APPENDIX II

PARTS OF GRAIN FUTURES ACT OF 1922

The grain futures act became a law on September 21, 1922, and was held constitutional by the Supreme Court of the United States on April 16, 1923. On April 30, 1923, the board of trade of the city of Chicago made formal application to the Secretary of Agriculture to be designated under the act as a "contract market," and was so designated on May 3, 1923.

Among the conditions of such designation the one especially relevant to Senate Resolution 9 is as follows:

"SEC. 5. * * * (b) When the governing board thereof provides for the making and filing by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such records shall be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice."

That part of section 8 of the act under which the investigation required by Senate Resolution 9 has been carried on reads as follows:

"For the efficient execution of the provisions of this act, and in order to provide information for the use of Congress, the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade, whether prior to or subsequent to the enactment of the act, and may publish from time to time, in his discretion, the result of such investigation and such statistical information gathered therefrom as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers."

APPENDIX III

CERTAIN REGULATIONS UNDER THE GRAIN FUTURES ACT

Formal regulations with respect to contract markets were issued by the Secretary of Agriculture on June 22, 1923. Parts of these regulations especially relevant to the investigation required by Senate Resolution 9 are as follows:

"1. These rules and regulations are made and prescribed with respect to contract markets under the grain futures act of September 21, 1922, a copy of which is hereto annexed. These rules and regulations shall apply and be enforced only in accordance with and subject to the provisions of said act. * * *"

"2. * * * There shall be a report by or for each clearing member, which shall include all contracts of sale of grain for future delivery, made on or subject to the rules of such contract market, to which he is a party either as seller or buyer. Such report shall show separately for each kind of grain and each delivery month the following facts:

"(a) The net position at the beginning of the period covered by the report;

"(b) The quantity of grain purchased and the quantity of grain sold on such contracts during the period covered by the report;

"(c) The quantity of grain delivered and the quantity of grain received on such contracts during the period covered by the report;

"(d) The net position at the end of the period covered by the report;

"(e) The aggregate of all "long" and the aggregate of all "short" accounts carried at the end of the period covered by the report by the clearing member for whom the report is made, and

"(f) The net position, at the end of the period covered by the report, of each separate account carried by such clearing member, when such net position equals or exceeds such amount as shall be specified in a written notice from time to time by the Grain Futures Administration to such contract market.

"For the purposes of item (f), a distinguishing designation shall be used instead of the name of any person, but the name and address of such person shall be given upon request to a representative of the Grain Futures Administration authorized for the purpose by the officer in charge thereof. Such designation shall always be used for the same person and not for any other person and may be changed only by or with the approval of such representative.

"3. Each member of a contract market shall, in accordance with the requirements of subdivision (b) of section 4 and subdivision (b) of section 5 of the act, keep the records required thereby with respect to transactions for future delivery and cash transactions in chronological order in such manner as to be readily accessible. He shall exhibit the same for inspection, or shall furnish true information or reports as to the contents or the meaning thereof, when and as requested by a representative of the United States Department of Agriculture authorized for the purpose by the officer in charge of the grain futures administration.

* * * The records as to transactions for future delivery shall be so kept as to show whether or not the persons for whom such transactions are executed by each member are engaged in the cash grain business.

"4. No representative of the Department of Agriculture shall, without the consent of the member, divulge or make known in any manner, except in so far as such representative may be required in order to perform his official duties or by a court of competent jurisdiction, any facts or information regarding the business of a member of a contract market which may come to the knowledge of such representative through any inspection or examination of the reports or records of, or through any information given by, such member pursuant to the act and these rules and regulations."

APPENDIX IV

Table showing at quarterly intervals, for a group of 55 accounts in wheat futures described in the foregoing report, number net "long," number net "short," and number "even," with aggregates and combined net position of "uneven" accounts, Chicago Board of Trade, 1923.

Date	Number "even"	Number net long	Aggregate of net long interests	Number net short	Aggregate of net short interests	Total number "uneven"	Combined net position (long)
			<i>Bushels</i>		<i>Bushels</i>		<i>Bushels</i>
Dec. 31, 1922.....	9	37	21,429,000	9	4,690,000	46	16,739,000
Mar. 31, 1923.....	5	33	15,906,000	17	12,608,000	50	3,298,000
June 30.....	8	32	10,256,000	15	6,473,000	47	3,783,000
Sept. 29.....	11	35	13,293,000	9	2,238,000	44	11,055,000
Dec. 31.....	11	34	22,170,000	10	3,388,000	44	18,782,000

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